

Message Text

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16

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 L-03 H-02 SS-15 NSC-10

RSR-01 /074 W

----- 108543

R 180700 Z MAY 73

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 8805

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E. O. 11652: N/A

TAGS: ETRN, SN

SUBJECT: CIVAIR: BILATERAL TALKS

1. US TEAM MET WITH COMMUNICATIONS MINISTRY PERM SEC HOCHSTADT MAY 15. TEAM REVIEWED EXCELLENT STATE OF US- SINGAPORE POLITICAL AND ECONOMIC RELATIONS WHICH WERE UNDERScoreD BY RECENT SUCCESSFUL VISIT PM LEE TO US. STATED IT WAS UNHAPPY SITUATION THAT NO AVIATION ARRANGEMENTS, EITHER AGREEMENT OR OPERATIONS (EXCEPT CARGO), EXIST BETWEEN TWO COUNTRIES. THERE WAS NO OTHER COUNTRY WITH WHICH WE HAD SUCH STRONG TIES BUT WHICH HAD NO AVIATION RELATIONS WITH US.

2. FROM THIS DEPARTURE POINT TEAM EMPHASIZED USG WILLINGNESS ONCE AGAIN TO SEEK TO NEGOTIATE AIR TRANSPORT AGREEMENT. CURRENT SITUATION APPEARED MORE PROPITIOUS SINCE THERE WERE NOW SIGNS OF SIA INTEREST IN FLYING TO THE US IN THE 1974/75 TIME FRAME. EARLIER EFFORTS WERE FRUSTRATED BECAUSE SIA WAS OPPOSED TO ANY MEANINGFUL CONCESSIONS WHEN THERE WAS NO POSSIBILITY OF EXPLOITING AGREEMENT RIGHTS.

3. ASIDE FROM ULTIMATE NEGOTIATION OF AGREEMENT USG REMAINS CONCERNED THAT NO US PASSENGER AIR SERVICE
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HAD BEEN OPERATED TO SINGAPORE SINCE 1971. CONSIDERING CLOSE ECONOMIC TIES AIR SERVICES BETWEEN THE TWO COUNTRIES APPEARED LOGICAL AND DESIRABLE. WHILE USG RECOGNIZED GOS UNWILLINGNESS CONSIDER FULL- SCALE PAA OPERATIONS UNTIL SIA PREPARED CONTEMPLATE FLYING TO US, IT FELT THAT A MODEST OPERATION COULD BE MOUNTED WHICH WOULD PROVIDE ADEQUATE ECONOMIC SUPPORT FOR PAA BUT AT SAME TIME HAVE MINIMAL IMPACT ON SIA. SUCH SERVICE COULD BE PROVIDED VIA MANILA TWO OR THREE TIMES WEEKLY WITH A PICKUP OF TWENTY- FIVE PASSENGERS PER FLIGHT BETWEEN MANILA AND SINGAPORE. STIMULATION OF MARKET PLUS NORMAL GROWTH WOULD RENDER IMPACT ON SIA NEGLIGIBLE. ACTUAL DIVERSION FROM SIA WOULD PROBABLY NOT EXCEED NINE PASSENGERS PER FLIGHT AND MOST IF NOT ALL OF PAN AM PASSENGERS WOULD BE NEWLY CREATED TRAFFIC. ASIDE FROM THIS THERE WOULD BE GAINS FOR SINGAPORE IN FORM OF LANDING CHARGES, GROUND HANDLING AND INCREASED TOURISM THROUGH PAA PROMOTION. US TEAM HOPE GOS WOULD GIVE EARLY AND FAVORABLE CONSIDERATION TO THIS REQUEST SO THAT OPERATIONS COULD START IN EARLY FALL.

4. HOCHSTADT LISTENED ATTENTIVELY THROUGHOUT AND ASKED A FEW QUESTIONS WHICH INDICATED HE UNDERSTOOD PROPOSAL. WITH RESPECT QUESTION EARLY NEGOTIATIONS, HE SAID GOS WOULD WELCOME TALKS AND CONCEIVABLY GOS DEL WOULD BE PREPARED VISIT WASHINGTON, PERHAPS FOLLOWING REGIONAL NAVIGATION MEETING IN HONOLULU IN SEPTEMBER. US TEAM SAID WOULD CONSULT USG ON RETURN AND TRANSMIT PROPOSAL THROUGH EMBASSY.

5. WITH RESPECT EARLY PAA OPERATION, HOCHSTADT WAS NON- COMMITTAL. HE SAID SIA WOULD PROBABLY NOT FAVOR IT BECAUSE OF COMPETITIVE IMPACT ALTHOUGH HE ACKNOWLEDGED THAT MANILA MIGHT BE LESS TROUBLESOME INTERMEDIATE THAN OTHERS SUCH AS HONG KONG, BANGKOK OR TOKYO. HE PROMISED TO GIVE ANY PAA APPLICATION SERIOUS CONSIDERATION. US TEAM SAID WOULD ALSO TRANSMIT FORMAL REQUEST BY DIPLOMATIC NOTE.

6. IN PASSING, US TEAM ALSO MENTIONED POSSIBILITY OF PAA OPERATION TO KUALA LUMPUR AND ASKED IF SIA LIMITED OFFICIAL USE

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WOULD BE WILLING TO COOPERATE IN INTERLINE ARRANGEMENTS. (KUALA LUMPUR MAY BE POSSIBILITY FOR PAA IF SINGAPORE DOES NOT WORK OUT AND AT SAME TIME POSSIBLITY OF PAA SERVICE TO KUALA LUMPUR WHICH COULD DIVERT TRAFFIC FROM SINGAPORE AND SIA MIGHT STIMULATE MORE FAVORABLE ATTITUDE TOWARD PAA OPERATION TO SINGAPORE.) HOCHSTADT FOLLOWED THIS PRESENTATION VERY CLOSELY BUT HE DID NOT

RESPOND EXCEPT TO NOTE THAT SIA WOULD CONSIDER ANY
PAA PROPOSAL.

7. AT LUNCH ON MAY 16 WITH MINISTRY FINANCE PERM SEC
PILLAY (ALSO SIA BOARD CHAIRMAN) AND SIA MANAGING
DIRECTOR LIM, US TEAM MADE SAME POINTS. RESPONSE
EQUALLY NON- COMMITTAL ALTHOUGH PILLAY AND LIM
EXPRESSED GREAT INTEREST IN CAB PROCEDURES AND STANDARDS
USED IN GRANTING PERMITS ON BASIS RECIPROCITY. LIM
INDICATED THAT SIA WOULD BE IN TOUCH WITH PAA SHORTLY
WITH RESPECT TO PAA REQUEST FOR THIRD WEEKLY CARGO
FREQUENCY. HE ADDED IN PASSING THAT SIA WAS DISCUSSING
BLOCKED SPACE WITH FLYING TIGERS. IN THIS CONNECTION
PILLAY ASKED WHAT US REACTION WOULD BE TO BLOCKED SPACE
WITH PAA BETWEEN MANILA AND US. TEAM RESPONDED THAT
PROPO
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